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HUSCOKE HOLDINGS LIMITED

和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

QUARTERLY UPDATE ANNOUNCEMENT

This announcement is made by Husoke Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 28 December 2020, 25 March 2021, 29 March 2021, 31 March 2021, 15 April 2021, 22 April 2021, 26 April 2021, 10 May 2021, 3 June 2021, 7 June 2021, 28 June 2021, 26 July 2021, 19 August 2021, 28 September 2021, 15 October 2021, 21 October 2021, 28 October 2021, 28 December 2021, 4 January 2022, 18 January 2022, 8 February 2022, 17 February 2022, 10 March 2022, 28 March 2022, 19 April 2022, 26 May 2022, 28 June 2022, 28 July 2022, 5 August 2022, 8 August 2022, 15 August 2022, 19 August 2022, 29 August 2022, 9 September 2022, 15 September 2022, 19 September 2022, 23 September 2022, 28 September 2022, 7 October 2022, 14 October 2022, 1 December 2022, 23 December 2022, 28 December 2022, 28 February 2023, 23 March 2023 and 24 March 2023, in relation to, inter alia, (i) the suspension of trading of the Shares; (ii) the quarterly update announcements; (iii) the investigations on Incident; (iv) the update on findings of the Independent Investigation Committee in relation to the Incident; (v) the engagement of an independent internal control consultant; (vi) the Resumption Guidance; (vii) the remedy and compensation arrangement pursuant to the Agreement in favour of the Group as a result of the Incident; (viii) despatch of the 2020 Annual Results, the 2020 Annual Report, the 2021 Interim Results, the 2021 Interim Report, the 2021 Annual Results, the 2021 Annual Report, the unaudited interim results for the six months ended 30 June 2022, the interim report for the six months ended 30 June 2022 and the unaudited interim results for the twelve months ended 31

December 2022; (ix) entering of the disposal agreement as an extension of the remedy plan for the Incident; (x) proposed increase in authorised share capital, the open offer, the subscription of convertible bonds and the issue of remuneration shares to the financial adviser; (xi) completion of internal control review; and (xii) completion of very substantial transaction in relation to entering the Agreement (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

BUSINESS UPDATES

Completion of the Very Substantial Transaction

On 18 January 2023, Energy Technology completed the equity transfer of 90% equity interest in the Target Subsidiary to the New Subsidiary of the Company. In respect of the Transaction Completion, the Board has appointed (i) Zhonghui China and Zhonghui Anda to conduct special audit for the Target Subsidiary in accordance with PRC Accounting Standards and Hong Kong Accounting Standards respectively; and (ii) appointed Datong to issue the Completion Legal Opinion, details of which are set out in the Company’s announcement dated 24 March 2023.

Based on the Special Audit and Completion Legal Opinion, the Board pleased to announced that all conditions under the Agreement have been fulfilled, therefore the Transaction Completion took place on 18 January 2023. Upon the Transaction Completion, the Target Subsidiary has become an indirect non-wholly owned subsidiary of the Company and the results of the Target Subsidiary have been consolidated into the financial statements of the Group.

Very Substantial Disposal

As at the date of this announcement, the Company expects the Very Substantial Disposal will be completed soon.

Fund Raising Activities

The Prospectus Documents setting out further details of the Open Offer is expected to be despatched to the Qualifying Shareholders on or before 28 April 2023, as set out in the announcement of the Company dated 28 March 2023.

Further announcement(s) will be made by the Company to update the Shareholders and the market in relation to other updates on relevant measures and business development as and when appropriate and in accordance with the Listing Rules.

RESUMPTION GUIDANCE AND RESUMPTION UPDATES

- (i) *Conduct an appropriate investigation into the Loans (including the Possible Loan) and the Contingent Liabilities (including the Guarantees), assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions.*

The Company announced the results and findings of the Investigation Reports on 18 January 2022 and 26 May 2022.

With the Transaction Completion having taken place on 18 January 2023, the Target Assets have been included in the consolidated statement of financial position of Huscoke Management, the Company is ensured to resume its coke and coal related business operation through the Target Assets.

Please refer to the Company's announcements dated 18 January 2022 and 26 May 2022 for more details of the results and findings of the Investigation Reports.

- (ii) *Publish all outstanding financial results required under the Listing Rules and address any audit modifications.*

The Company has published all its outstanding financial results and reports required under the Listing Rules accordingly.

The Company has taken the following measures in response to the audit modification, including (i) the entering into the Agreement sets out the remedy and compensation arrangement of the Incident in favour of the Group; and (ii) the entering into the Disposal Agreement to dispose of the Disposal Group.

As mentioned in the above, the Target Assets has been included in the consolidated statement of financial position of Huscoke Management which directly wholly-owned the New Subsidiary and is indirectly wholly-owned by the Company.

On 15 March 2023, Zhonghui Anda has confirmed in writing that upon completions of the Resumption Transactions, the relevant audit qualifications given by Zhonghui Anda to the Company on the consolidation financial statements for the year ended 31 December 2021 would be resolved.

- (iii) *Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules.*

Following the Transaction Completion, the Company is ensured to resume its coke and coal related business operation through the Target Assets. The Target Assets have met the environmental standard of the PRC in coking production, improved the production quality of the Group's coke products and doubled the Group's production scale as compared to that prior to the Shut-down, which results the Group in having sufficient level of operations and assets.

The Board has demonstrated to the Stock Exchange in the Resumption Proposals with basis and certainty that the businesses of the Restructured Group will be viable and sustainable, and upon the completion of the Resumption Transactions, the Restructured Group can fully satisfy the requirements of sufficient operation, sufficient tangible assets and/ or intangible assets under Rule 13.24 of the Listing Rules.

Please refer to the Company's announcement dated 24 March 2023 for more details of the Transaction Completion.

- (iv) *Inform the market all material information for the Company's shareholders and investors to appraise the Company's position.*

The Company will continue to announce all material information and development of the Group including but not limited to, details and status of the Resumption Transactions and the Resumption, for the Shareholders and potential investors of the Company to appraise the Company's position from time to time.

- (v) *Conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.*

As stated in the announcement of the Company dated 23 March 2023, the Company has implemented remedial action plans to address the internal control deficiencies as identified by the IC Adviser. Based on the follow-up review on remediation results for enhancement of the Group's internal control system, the IC Adviser did not identify any further internal control weaknesses and deficiencies nor make any further recommendations on the Group's internal control system and is of the view that the Company has put in place adequate corporate governance and internal control systems to fulfill its obligations under the Listing Rules.

Please refer to the Company's announcement dated 23 March 2023 for more details of the completion of the IC Review.

- (vi) *Demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence.*
- (vii) *Demonstrate that the Directors meet a standard of competence commensurate with their positions as directors of a listed issuer to fulfill duties of skill, care and diligence as required under Rule 3.08 and 3.09 of the Listing Rules.*

As stated in the Announcements, the Incident was beyond the control of the Directors and the inability to discover or identify the Incident was due to reasons other than the negligence of the Directors' duties and insufficiency of the Directors' competency.

Since the discovery of the Incident, the Directors have been fulfilling their duties aggressively and sincerely by investigating the Incident, coming up and putting in place various remedial actions, including but not limited to, the entering into of the Agreement and the Disposal Agreement by the Company and conducting independent internal control review, to minimize the impacts to the Group and the Shareholders resulted from the Incident and to demonstrate how these actions can fulfill the Resumption Guidance for resumption of trading.

The Directors will continue to assess whether it is necessary and/or beneficial to the Company and the Shareholders that further actions will have to be taken as and when appropriate to demonstrate their competence commensurate as directors of a listed issuer to fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules as well as fulfilling all the other Resumption Guidance to achieve Resumption.

The Company will continue to update the Shareholders and potential investors of the Company on, among other things, the progress of the Company's fulfillment of the Resumption Guidance as and when appropriate and in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 29 March 2021 and will remain suspended until further notice.

The Board will continue to assess and monitor the impact of the suspension of trading on the operation and financial performance of the Group. The Company will take appropriate measures as necessary and make further announcements as and when appropriate and in accordance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The completions of the Resumption Transactions and the proposed Fundraising Activities do not indicate any decision or conclusion from the Stock Exchange not to delist the Company nor warrant any approval from the Stock Exchange on the Resumption.

By order of the Board
Husoke Holdings Limited
Au Wing Sze
Company Secretary

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises Mr. Zhao Xu Guang (Chairman) and Mr. Wang Yijun as executive Directors; Mr. Wong Siu Hung, Patrick, Mr. Huang Man Yem, Mr. Jiang Jiansheng and Mr. Tang Ching Fai as non-executive Directors; Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin as independent non-executive Directors.